

- T A B L E O F C O N T E N T S -

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF
AGREED-UPON PROCEDURES

SCHEDULE:

Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs

Notes to the Schedule of Revenues and Expenditures of Intercollegiate
Athletic Programs

UNIVERSITY OFFICIALS

March 5, 1999

The Honorable James S. Gilmore, III
Governor of Virginia

The Honorable Richard J. Holland
Chairman, Joint Legislative Audit
and Review Commission

Dr. James V. Koch
President, Old Dominion University

INDEPENDENT AUDITOR'S REPORT ON APPLICATION OF
AGREED-UPON PROCEDURES

We have audited the financial statements of **Old Dominion University** as of and for the year ended June 30, 1998, and have issued our unqualified report thereon dated January 9, 1999. At the request of the President of the University, we also applied certain agreed-upon procedures, as discussed below, to the accounting records and the internal accounting control structure of the University's Intercollegiate Athletic Programs for the fiscal year ended June 30, 1998, solely to assist the University in complying with National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1. This review to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the University. Consequently, we make no representation regarding sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Schedule of Revenues and Expenditures of Intercollegiate
Athletic Programs - Agreed-Upon Substantive Procedures

- a. We obtained the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs (Schedule) for the year ended June 30, 1998, as prepared by the University and shown in this report. We recalculated the addition of the amounts on the Schedule, traced the amounts on the Schedule to management's worksheets, and agreed the amounts on management's worksheets to the Intercollegiate Athletic Department's accounts in the University's accounting records. We noted no differences between the amounts in the Intercollegiate Athletics Department's accounts in the accounting records and the amounts on the worksheets. We discussed the nature of worksheet adjustments with management and are satisfied that the adjustments are appropriate.

- b. We applied certain analytical review techniques to the balances reported on the Schedule in order to determine the reasonableness of amounts reported therein. These techniques included trend analyses and other tests using operating data and reviews of actual amounts received and expended in comparison to budgeted amounts and prior year amounts.
- c. We reviewed the University's contract with the City of Norfolk for rental of the Scope Convention Center. The contract provided facilities for games for the men's basketball team during the 1997-1998 basketball season. We determined that financial transactions relative to the contract were properly reported in the Schedule.
- d. The Intercollegiate Athletics Department received no gifts or contributions directly. All gifts and contributions are received through the Old Dominion Intercollegiate Foundation.

Because the above procedures "a" through "d" do not constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion of any of the accounts or items referred to above. In connection with procedures "a" through "d" referred to above, no matters came to our attention that caused us to believe that the specified accounts or items should be adjusted. Had we performed additional procedures, or had we made an audit in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported to the President of the University. This report relates only to the accounts and items specified above and does not extend to the financial statements of Old Dominion University or its Intercollegiate Athletic Programs taken as a whole.

Internal Control Structure Policies and Procedures Related to
Intercollegiate Athletic Programs - Agreed-Upon Procedures

The management of Old Dominion University is responsible for establishing and maintaining an internal control structure for its Intercollegiate Athletic Programs. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate. Our procedures and findings are as follows:

- e. We reviewed an organizational chart provided by the Intercollegiate Athletics Department and discussed it with appropriate personnel. We reviewed documentation of the accounting systems and operating procedures. We also made certain inquiries of management regarding control consciousness, competence of personnel, and protection of records and equipment.

- f. We reviewed the internal control structure policies and procedures over cash receipts and disbursements, including payroll, for the Intercollegiate Athletic Programs. We reviewed the relationship of specific internal control structure over intercollegiate athletic programs to the internal control structure reviewed in connection with the audit of the University's financial statements. Our review also included those internal control structure policies and procedures unique to Intercollegiate Athletic Programs which have not been reviewed in connection with the audit of the financial statements.
- g. We reviewed the University's procedures for monitoring activities of the Old Dominion Intercollegiate Foundation. The Intercollegiate Athletics Department is to receive a trial balance from the Foundation monthly. This report lists all expenditures from the scholarship accounts. This report is reviewed by the Assistant Director of Business Affairs for Athletics to ensure no unauthorized payments were expended from the scholarship accounts and to ensure that all revenues and expenditures are properly classified. Also, the Intercollegiate Foundation is audited annually by an independent certified public accountant. The Intercollegiate Athletics Department receives a copy of the resulting audit report. It should be noted that booster groups make no payments for or on behalf of the Intercollegiate Athletics Department.

Agreed-upon procedures "e" through "g" applied to certain aspects of the University's internal accounting control structure were more limited than would be necessary to express an opinion on the internal control structure of Old Dominion University in effect for the year ended June 30, 1998, taken as a whole. Because our study and evaluation was limited to applying those agreed-upon procedures, we do not express such an opinion. In connection with applying procedures "e" through "g" above, we noted no material weaknesses relating to the internal control structure over the Intercollegiate Athletic Programs activities administered by the University.

This report is intended solely for the use of the University and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

AUDITOR OF PUBLIC ACCOUNTS

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OLD DOMINION UNIVERSITY
SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
For the Year Ended June 30, 1998

	Administrative and General	Student Athletic Scholarships	Baseball	Men's Basketball	Women's Basketball	Sailing	Recreational Sports	Summer Camps	Other Sports*	Total
Operating revenues:										
Student fees	\$ 4,613,051	\$ 1,702,825	\$ -	\$ -	\$ -	\$ -	\$ 289,097	\$ 439,238	\$ 31,142	\$ 7,075,353
Season ticket sales	-	-	3,622	415,337	121,671	-	-	-	41,921	582,551
Advertising	44,632	-	-	-	-	-	-	-	-	44,632
Gifts	-	216,339	-	-	-	-	-	-	-	216,339
Other income	404,621	-	-	8,796	-	-	9,081	5,320	-	427,818
Total operating revenues	5,062,304	1,919,164	3,622	424,133	121,671	-	298,178	444,558	73,063	8,346,693
Operating expenditures:										
Personal services	2,795,233	-	-	813	-	-	198,533	301,447	11,529	3,307,555
Contractual services	1,926,029	-	56,953	130,260	133,754	13,043	38,515	86,157	214,185	2,598,896
Equipment	59,910	-	-	-	6,411	-	14,079	912	-	81,312
Supplies and materials	187,034	-	17,305	18,921	18,275	1,130	9,647	19,530	75,627	347,469
Scholarships	-	1,919,164	-	-	-	-	-	-	-	1,919,164
Total operating expenditures	4,968,206	1,919,164	74,258	149,994	158,440	14,173	260,774	408,046	301,341	8,254,396
Excess (deficiency) of revenues over (under) operating expenses before transfers	94,098	-	(70,636)	274,139	(36,769)	(14,173)	37,404	36,512	(228,278)	92,297
Mandatory transfers - debt service	(934,994)	-	-	-	-	-	(8,474)	-	-	(943,468)
Non-mandatory transfers - (to)/from other funds	37,127	-	5,900	-	-	-	-	(84,267)	-	(41,240)
Net increase (decrease) for the year	\$ (803,769)	\$ -	\$ (64,736)	\$ 274,139	\$ (36,769)	\$ (14,173)	\$ 28,930	\$ (47,755)	\$ (228,278)	\$ (892,411)

*Other sports include field hockey, golf, soccer, swimming, tennis, wrestling, cross country, lacrosse, and club sports.

The accompanying Notes to the Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs are an integral part of this Schedule.

OLD DOMINION UNIVERSITY
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES OF
INTERCOLLEGIATE ATHLETIC PROGRAMS
AS OF JUNE 30, 1998

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Revenues and Expenditures of Intercollegiate Athletic Programs has been prepared on the accrual basis of accounting. The purpose of this Schedule is to present a summary of current funds revenues and expenditures of the University's intercollegiate athletic programs (including amounts expended on behalf of the University by the Old Dominion University Intercollegiate Foundation, Incorporated) for the year ended June 30, 1998. Because the Schedule presents only a selected portion of the University's activities, it is not intended to and does not present either the financial position, changes in fund balances, or current fund revenues and other additions, expenditures, transfers, and other deductions for the year ended June 30, 1998.

NOTE 2 - ALLOCATION OF ATHLETIC OVERHEAD COSTS

The University recovers overhead costs such as utilities and custodial services from all auxiliary enterprises on campus, including athletics. The amount recovered is a percentage of each auxiliary enterprise's expenditures during the fiscal year. In the fiscal year ended June 30, 1998, the overhead rate charged to Athletics and other auxiliary enterprises was 9.66 percent.

OLD DOMINION UNIVERSITY
Norfolk, Virginia

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David F. Harnage, Vice President for Administration and Finance

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